

## Calendar No. 179

106TH CONGRESS }  
*1st Session* }

SENATE

{ REPORT  
106-97

### MT. HOPE WATERPOWER PROJECT

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JUNE 24, 1999.—Ordered to be printed

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Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, submitted the following

### REPORT

[To accompany H.R. 459]

The Committee on Energy and Natural Resources, to which was referred the Act (H.R. 459) to extend the deadline under the Federal Power Act for FERC Project No. 9401, the Mt. Hope Waterpower Project, having considered the same, reports favorably thereon without amendment and recommends that the Act do pass.

#### PURPOSE OF THE MEASURE

The purpose of H.R. 459 is to authorize the Federal Energy Regulatory Commission (FERC) to extend the deadline for commencement of construction of the Mt. Hope hydroelectric project (Project No. 9401) until August 3, 2002.

#### BACKGROUND AND NEED

Section 13 of the Federal Power Act requires a hydroelectric licensee to commence the construction of its project within two years of the date of the issuance of the license. That deadline can be extended by the FERC one time for as much as two additional years. Unless additional legislation is enacted, if construction has not commenced by the end of the time period, the license is terminated by the FERC.

On August 4, 1992, the FERC issued a hydroelectric license to the Halecrest Company to construct and operate the 2,000 megawatt Mt. Hope Pumped Storage Project, located in Rockaway Township, New Jersey. The deadline for the commencement of project construction, originally August 3, 1994, was extended by the FERC to August 3, 1996, because the licensee had not obtained a power sales contract. The deadline was further extended until August 3,

1999, under the terms of P.L. 104–247. In the absence of this legislation, the license would be terminated as of that date.

#### LEGISLATIVE HISTORY

H.R. 459 passed the House of Representatives on May 4, 1999 by voice vote. A hearing was held by the Subcommittee on Water and Power on May 27, 1999.

#### COMMITTEE RECOMMENDATION AND TABULATION OF VOTES

The Senate Committee on Energy and Natural Resources, in open business session on June 16, 1999, by a voice vote with a quorum present, recommends that the Senate pass the bill without amendment.

#### COST AND BUDGETARY CONSIDERATIONS

The following estimate of costs of this measure has been provided by the Congressional Budget Office:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, June 21, 1999.*

Hon. FRANK H. MURKOWSKI,  
*Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 459, an act to extend the deadline under the Federal Power Act applicable to the construction of FERC Project Number 9401, the Mt. Hope Waterpower Project.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kim Cawley.

Sincerely,

BARRY B. ANDERSON  
(For Dan L. Crippen, Director).

Enclosure.

*H.R. 459—An act to extend the deadline under the Federal Power Act for FERC Project Number 9401, the Mt. Hope Waterpower Project*

CBO estimates that enacting this legislation would have no net effect on the federal budget. It does not contain any intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not impose any costs on state, local, or tribal governments.

H.R. 459 would extend the deadline for construction of a hydroelectric project currently subject to licensing by the Federal Energy Regulatory Commission (FERC) until August 3, 2002. The proposed extension is for FERC project number 9401. This provision may have a minor impact on FERC's workload. Because FERC recovers 100 percent of its costs through user fees, any change in its administrative costs would be offset by an equal change in the fees that commission charges. Hence, the act's provisions would have no net budgetary impact.

Because FERC's administrative costs are limited in annual appropriations, enacting H.R. 459 would not affect direct spending or receipts. Therefore, pay-as-you-go procedures would not apply to the bill.

On April 26, 1999, CBO prepared a cost estimate for H.R. 459, as ordered reported by the House Committee on Commerce on April 21, 1999. The two versions of H.R. 459 are identical, as are the two estimates.

The CBO staff contact for this estimate is Kim Cawley. This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.

#### REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out this measure.

The bill is not a regulatory measure in the sense of imposing Government-established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the provisions of the bill. Therefore, there would be no impact on personal privacy.

Little, if any additional paperwork would result from the enactment of this measure.

#### EXECUTIVE COMMUNICATIONS

The pertinent communications received by the Committee from the Federal Energy Regulatory Commission setting forth Executive agency views relating to this measure are set forth below:

##### STATEMENT OF JAMES J. HOECKER, CHAIRMAN, FEDERAL ENERGY REGULATORY COMMISSION

Mr. Chairman and Members of the Subcommittee: I appreciate the opportunity to comment on H.R. 459, an act to extend the construction deadlines applicable to a hydroelectric project licensed by the Federal Energy Regulatory Commission.

Section 13 of the Federal Power Act requires that construction of a licensed project be commenced within two years of issuance of the license. Section 13 authorizes the Commission to extend this deadline once, for a maximum additional two years. If project construction has not commenced by this deadline, the Commission is required to terminate the license.

On August 4, 1992, the Commission issued a license to the Halecrest Company to construct and operate the 2,000-megawatt Mt. Hope Pumped Storage Project No. 9401, to be located in Rockaway Township, Morris County, New Jersey. The deadline for the commencement of project construction, originally August 3, 1994, was extended to August 3, 1996, because the licensee had not obtained a

power sales contract. The deadline was further extended until August 3, 1999, under the terms of P.L. 104-247.

The Commission staff knows of no other interest in the site. Construction of the project entails excavation of a surface level 57-acre upper reservoir; utilization, after extensive modification, of an existing underground cavern associated with the Mount Hope Mine as its lower reservoir, both with a 5,500-acre-foot capacity; installation of a 2,800-foot-long shaft between the reservoirs bifurcating into five penstocks; and construction of an underground powerhouse, two parallel 10.6-mile-long transmission lines, and related project facilities.

H.R. 459 would authorize the Commission, upon the request of the licensee and in accordance with the good faith, due diligence, and public interest requirements of Section 13, to extend the deadline for commencement of construction until August 3, 2002.

The Commission has not in the past objected to other bills granting a particular licensee up to ten years from the issuance date of the license to commence project construction. The deadline in H.R. 459 does not exceed ten years. I therefore do not object to the bill's enactment.

#### CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee notes that no changes in existing law are made by H.R. 459, as ordered reported.

